

House Engrossed Senate Bill

FILED

**JANICE K. BREWER
SECRETARY OF STATE**

State of Arizona
Senate
Forty-eighth Legislature
First Regular Session
2007

CHAPTER 1

SENATE BILL 1157

AN ACT

AMENDING SECTIONS 42-1001 AND 43-105, ARIZONA REVISED STATUTES; AMENDING
TITLE 43, CHAPTER 2, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 3; RELATING
TO TAXATION OF INCOME.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 42-1001, Arizona Revised Statutes, is amended to read:

42-1001. Definitions

In this title, unless the context otherwise requires:

1. "Board" or "state board" means either the state board of tax appeals or the state board of equalization, as applicable.

2. "Court" means the tax court or superior court, whichever is applicable.

3. "Department" means the department of revenue.

4. "Director" means the director of the department.

5. "Internal revenue code" means the United States internal revenue code of 1986, as amended and in effect as of January 1, 2006 2007, including those provisions that became effective during 2005 2006 with the specific adoption of their retroactive effective dates but excluding all changes to the code enacted after January 1, 2006 2007.

Sec. 2. Section 43-105, Arizona Revised Statutes, is amended to read:

43-105. Internal revenue code; definition; application

A. FOR PURPOSES OF COMPUTING INCOME TAX PURSUANT TO THIS TITLE, FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2006 THROUGH DECEMBER 31, 2007, "INTERNAL REVENUE CODE" MEANS THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED, IN EFFECT ON JANUARY 1, 2007, INCLUDING THOSE PROVISIONS THAT BECAME EFFECTIVE DURING 2006 WITH THE SPECIFIC ADOPTION OF ALL FEDERAL RETROACTIVE EFFECTIVE DATES, BUT EXCLUDING ANY CHANGE TO THE CODE ENACTED AFTER JANUARY 1, 2007.

~~A. B. For purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2005 through December 31, 2006, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2006, including those provisions that became effective during 2005 with the specific adoption of all federal retroactive effective dates, but excluding any change to the code enacted after January 1, 2006 AND INCLUDING THOSE PROVISIONS OF THE TAX INCREASE PREVENTION AND RECONCILIATION ACT OF 2005 (P.L. 109-222), THE PENSION PROTECTION ACT OF 2006 (P.L. 109-280) AND THE TAX RELIEF AND HEALTH CARE ACT OF 2006 (P.L. 109-432) THAT ARE RETROACTIVELY EFFECTIVE DURING TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2005 THROUGH DECEMBER 31, 2006.~~

~~B. C. For purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2004 through December 31, 2005, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2005, including those provisions that became effective during 2004 with the specific adoption of all federal retroactive effective dates and including those provisions of the Katrina emergency tax relief act of 2005 (P.L. 109-73), the energy tax incentives act of 2005 (title XIII of the energy policy act of 2005 (P.L.~~

1 109-58)) and the gulf opportunity zone act of 2005 (P.L. 109-135) that are
2 retroactively effective during taxable years beginning from and after
3 December 31, 2004 through December 31, 2005.

4 ~~C.~~ D. For purposes of computing income tax pursuant to this title,
5 for taxable years beginning from and after December 31, 2003 through December
6 31, 2004, "internal revenue code" means the United States internal revenue
7 code of 1986, as amended, in effect on January 1, 2004, including those
8 provisions that became effective during 2003 with the specific adoption of
9 all federal retroactive effective dates and including those provisions of the
10 working families tax relief act of 2004 (P.L. 108-311), the American jobs
11 creation act of 2004 (P.L. 108-357), the Katrina emergency tax relief act of
12 2005 (P.L. 109-73), the energy tax incentives act of 2005 (title XIII of the
13 energy policy act of 2005 (P.L. 109-58)) and the gulf opportunity zone act of
14 2005 (P.L. 109-135) that are retroactively effective during taxable years
15 beginning from and after December 31, 2003 through December 31, 2004.

16 ~~D.~~ E. For purposes of computing income tax pursuant to this title,
17 for taxable years beginning from and after December 31, 2002 through December
18 31, 2003, "internal revenue code" means the United States internal revenue
19 code of 1986, as amended, in effect on January 1, 2003, including those
20 provisions that became effective during 2002 with the specific adoption of
21 all federal retroactive effective dates and including those provisions of the
22 working families tax relief act of 2004 (P.L. 108-311), the American jobs
23 creation act of 2004 (P.L. 108-357), the jobs and growth tax relief
24 reconciliation act of 2003 (P.L. 108-27), the military family tax relief act
25 of 2003 (P.L. 108-121) and the medicare prescription drug, improvement, and
26 modernization act of 2003 (P.L. 108-173) that are retroactively effective
27 during taxable years beginning from and after December 31, 2002 through
28 December 31, 2003.

29 ~~E.~~ F. For purposes of computing income tax pursuant to this title,
30 for taxable years beginning from and after December 31, 2001 through December
31 31, 2002, "internal revenue code" means the United States internal revenue
32 code of 1986, as amended, in effect on March 9, 2002, including those
33 provisions that became effective during 2001 with the specific adoption of
34 all federal retroactive effective dates and including those provisions of the
35 working families tax relief act of 2004 (P.L. 108-311), the American jobs
36 creation act of 2004 (P.L. 108-357), the jobs and growth tax relief
37 reconciliation act of 2003 (P.L. 108-27) and the military family tax relief
38 act of 2003 (P.L. 108-121) that are retroactively effective during taxable
39 years beginning from and after December 31, 2001 through December 31, 2002.

40 ~~F.~~ G. For purposes of computing income tax pursuant to this title,
41 for taxable years beginning from and after December 31, 2000 through December
42 31, 2001, "internal revenue code" means the United States internal revenue
43 code of 1986, as amended, in effect on January 1, 2001, including those
44 provisions that became effective during 2000 with the specific adoption of
45 all federal retroactive effective dates and including those provisions of the

1 working families tax relief act of 2004 (P.L. 108-311), the American jobs
2 creation act of 2004 (P.L. 108-357), the economic growth and tax relief
3 reconciliation act of 2001 (P.L. 107-16), the job creation and worker
4 assistance act of 2002 (P.L. 107-147) and the military family tax relief act
5 of 2003 (P.L. 108-121) that are retroactively effective during taxable years
6 beginning from and after December 31, 2000 through December 31, 2001.

7 ~~G.~~ H. For purposes of computing income tax pursuant to this title,
8 for taxable years beginning from and after December 31, 1999 through December
9 31, 2000, "internal revenue code" means the United States internal revenue
10 code of 1986, as amended, in effect on January 1, 2000, including those
11 provisions that became effective during 1999 with the specific adoption of
12 all federal retroactive effective dates and including those provisions of the
13 community renewal tax relief act of 2000 (P.L. 106-554), the installment tax
14 correction act of 2000 (P.L. 106-573), FSC repeal and extraterritorial income
15 exclusion act of 2000 (P.L. 106-519), the trade and development act of 2000
16 (P.L. 106-200), the economic growth and tax relief reconciliation act of 2001
17 (P.L. 107-16), the job creation and worker assistance act of 2002
18 (P.L. 107-147) and the military family tax relief act of 2003 (P.L. 108-121)
19 that are retroactively effective during taxable years beginning from and
20 after December 31, 1999 through December 31, 2000.

21 ~~H.~~ I. For purposes of computing income tax pursuant to this title,
22 for taxable years beginning from and after December 31, 1998 through December
23 31, 1999, "internal revenue code" means the United States internal revenue
24 code of 1986, as amended, in effect on January 1, 1999, including those
25 provisions that became effective during 1998 with the specific adoption of
26 all federal retroactive effective dates and including those provisions of the
27 miscellaneous trade and technical corrections act of 1999 (P.L. 106-36), the
28 ticket to work and work incentives improvement act of 1999 (P.L. 106-170),
29 the community renewal tax relief act of 2000 (P.L. 106-554), the installment
30 tax correction act of 2000 (P.L. 106-573) and the military family tax relief
31 act of 2003 (P.L. 108-121) that are retroactively effective during taxable
32 years beginning from and after December 31, 1998 through December 31, 1999.

33 ~~I.~~ J. For purposes of computing income tax pursuant to this title,
34 for taxable years beginning from and after December 31, 1997 through December
35 31, 1998, "internal revenue code" means the United States internal revenue
36 code of 1986, as amended, in effect on January 1, 1998, including those
37 provisions that became effective during 1997 with the specific adoption of
38 all federal retroactive effective dates and including those provisions of the
39 IRS restructuring and reform act of 1998 (P.L. 105-206), the tax and trade
40 relief extension act of 1998 (P.L. 105-277), the surface transportation
41 revenue act of 1998 (P.L. 105-178), the miscellaneous trade and technical
42 corrections act of 1999 (P.L. 106-36) and the military family tax relief act
43 of 2003 (P.L. 108-121) that are retroactively effective during the taxable
44 years beginning from and after December 31, 1997 through December 31, 1998.

1 ~~J.~~ K. For purposes of computing income tax pursuant to this title,
2 for taxable years beginning from and after December 31, 1996 through December
3 31, 1997, "internal revenue code" means the United States internal revenue
4 code of 1986, as amended, in effect on January 1, 1997, including those
5 provisions that became effective during 1996 with the specific adoption of
6 all federal retroactive effective dates and including the provisions of the
7 taxpayer relief act of 1997 (P.L. 105-34), the IRS restructuring and reform
8 act of 1998 (P.L. 105-206), the tax and trade relief extension act of 1998
9 (P.L. 105-277) and the military family tax relief act of 2003 (P.L. 108-121)
10 that are retroactively effective during taxable years beginning from and
11 after December 31, 1996 through December 31, 1997.

12 ~~K. For purposes of computing income tax pursuant to this title, for~~
13 ~~taxable years beginning from and after December 31, 1995 through December 31,~~
14 ~~1996, "internal revenue code" means the United States internal revenue code~~
15 ~~of 1986, as amended, in effect on January 1, 1996, including those provisions~~
16 ~~that became effective during 1995 with the specific adoption of their~~
17 ~~retroactive effective date and including those provisions of the small~~
18 ~~business job protection act of 1996 (P.L. 104-188; 110 Stat. 1755), the~~
19 ~~health insurance portability and accountability act of 1996 (P.L. 104-191;~~
20 ~~110 Stat. 1936), the personal responsibility and work opportunity~~
21 ~~reconciliation act of 1996 (P.L. 104-193; 110 Stat. 2105), the taxpayer~~
22 ~~relief act of 1997 (P.L. 105-34), the IRS restructuring and reform act of~~
23 ~~1998 (P.L. 105-206) and the tax and trade relief extension act of 1998~~
24 ~~(P.L. 105-277) that are retroactively effective during taxable years~~
25 ~~beginning from and after December 31, 1995 through December 31, 1996.~~

26 Sec. 3. Title 43, chapter 2, Arizona Revised Statutes, is amended by
27 adding article 3, to read:

28 ARTICLE 3. MISCELLANEOUS PROVISIONS

29 43-241. Time for performance of acts

30 A. NOTWITHSTANDING ANY OTHER PROVISION OF THIS TITLE OR TITLE 1, IF
31 THE LAST DAY FOR PERFORMING ANY ACT UNDER THIS TITLE FALLS ON A SATURDAY,
32 SUNDAY OR LEGAL HOLIDAY, THE ACT IS CONSIDERED TIMELY IF IT IS PERFORMED ON
33 THE NEXT DAY THAT IS NOT A SATURDAY, SUNDAY OR LEGAL HOLIDAY.

34 B. FOR THE PURPOSES OF THIS SECTION "LEGAL HOLIDAY" SHALL INCLUDE
35 HOLIDAYS SPECIFIED IN SECTION 1-301 AND HOLIDAYS DETERMINED BY THE UNITED
36 STATES SECRETARY OF THE TREASURY FOR THE PURPOSES OF SECTION 7503 OF THE
37 INTERNAL REVENUE CODE.

38 Sec. 4. Retroactivity

39 Section 3 of this act applies retroactively to acts due to be performed
40 under title 43, Arizona Revised Statutes, beginning from and after December
41 31, 2006.

42 Sec. 5. Emergency

43 This act is an emergency measure that is necessary to preserve the
44 public peace, health or safety and is operative immediately as provided by
45 law.

APPROVED BY THE GOVERNOR APRIL 4, 2007.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 4, 2007.